BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF CALIFORNIA

FILED
12/20/19
04:59 PM

Order Instituting Rulemaking to Oversee the Resource Adequacy Program, Consider Program Refinements, and Establish Annual Local and Flexible Procurement Obligations for the 2019 and 2020 Compliance Years.	Rulemaking 17-09-020 (Filed September 28, 2017)

COMMENTS OF THE AMERICAN WIND ENERGY ASSOCIATION OF CALIFORNIA AND THE LARGE-SCALE SOLAR ASSOCIATION ON THE PROPOSED DECISION GRANTING MOTION REGARDING QUALIFYING CAPACITY VALUE OF HYBRID RESOURCES WITH MODIFICATIONS

Shannon Eddy
Executive Director
Large-scale Solar Association
2501 Portola Way
Sacramento, CA 95818
Tel: 415-819-4285
Email: shannon@large-scalesolar.org

Danielle Osborn Mills
Director, AWEA-California
Renewable Energy Strategies
1696 Orvietto Dive
Roseville, CA 95661
Tel: (916) 320-7584
E-Mail: danielle@renewableenergystrat.com

December 20, 2019

TABLE OF CONTENTS

I. INTRODUCTION 1
II. DISCUSSION 2
A. AWEA-California and LSA Are Concerned That the Interim Methodology Will Not Facilitate Achievement of the IRP Procurement Target with New Carbon-Free Capacity. 2
B. The Adoption of a Less Conservative Accounting Methodology Will Facilitate the Achievement of GHG Targets at Least Cost to Ratepayers. 3
III. CONCLUSION 5

TABLE OF AUTORITIES

Orders and Rulings of the California Public Utilities Commission

Decision 19-11-009 3

Rules of Practice and Procedure of the California Public Utilities Commission

Rule 14.3 1

STATEMENT OF RECOMMENDATIONS

The Commission should modify the Proposed Decision to establish the QC based on the combination of the ELCC-adjusted QCs for both devices.

At a minimum, the Commission should modify the Proposed Decision to allow monthly analysis of the maximum of either device operating under a single resource ID.

APPENDIX A

AWEA-CALIFORNIA AND LSA RECOMMENDED CHANGES TO THE PROPOSED DECISION

BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Oversee the Resource Adequacy Program, Consider Program Refinements, and Establish Annual Local and Flexible Procurement Obligations for the 2019 and 2020 Compliance Years.	Rulemaking 17-09-020 (Filed September 28, 2017)

COMMENTS OF THE AMERICAN WIND ENERGY ASSOCIATION OF CALIFORNIA AND THE LARGE-SCALE SOLAR ASSOCIATION ON THE PROPOSED DECISION GRANTING MOTION REGARDING QUALIFYING CAPACITY VALUE OF HYBRID RESOURCES WITH MODIFICATIONS

I. INTRODUCTION

In accordance with Article 14, Rule 14.3 of the California Public Utility Commission's ("Commission") Rules of Practice and Procedure, the American Wind Energy Association of California ("AWEA-California") and the Large-scale Solar Association ("LSA") respectfully offer these comments on the November 26, 2019 *Proposed Decision Granting Motion Regarding Qualifying Capacity Value of Hybrid Resources With Modifications* ("Proposed Decision"). As explained below, AWEA-California and LSA are concerned that the adoption of the interim methodology is overly conservative and discourage many single-resource ID configurations of clean capacity that are otherwise poised to meet the IRP Procurement Target. To ensure that the State is in the best position to fill the IRP procurement targets at least cost to consumers, AWEA-California and LSA recommend changing the interim methodology to align with the CAISO's September Straw Proposal. At a minimum, the Commission should clarify that the NQC for hybrid resources with a single-resource ID will be calculated at the maximum of the monthly NQC of either device in a particular month.

II. DISCUSSION

A. AWEA-California and LSA Are Concerned That the Interim Methodology Will Not Facilitate Achievement of the IRP Procurement Target with New Carbon-Free Capacity.

The Proposed Decision would adopt the following methodology, which would only count the QC of one of the two devices operating under a single resource ID:

> Where a hybrid resource has charging or other operational restrictions, the qualifying capacity value shall be based on the greater of either: (i) the effective load carrying capacity-based qualifying capacity (QC) of the intermittent resource or the QC of the dispatchable resource, whichever applies, or (ii) the QC of the co-located storage device.[1]

AWEA-California and LSA are concerned that the proposed methodology is overly conservative and will understate the capacity value of hybrid resources. A resource owner would receive more RA value if it disaggregates the resources, because the QC for both resources would be based on the sum of the two (subject to any capacity limitation at the Point of Interconnection (POI)). However, due to the application of the tax incentives, which create strong cost-signals to use a single resource ID, many of the resources pending in the interconnection queue would be configured under a single resource ID. The Commission's interim (or final) methodology should not operate in conflict with federal policy, as reflected in these tax incentives, and/or impede compliance with those incentives and achievement of those policies.

Hybrid resources operating under a single resource ID can reliably operate above the QC of either device in most hours critical to system reliability. Put differently, hybrid resources may be able to provide capacity up to their interconnection value, and the QC methodology should

[1] See PD, Ordering Paragraph 1.

reflect that. For example, a solar resource combined with storage can clearly provide more, and more reliable, capacity value than the same-size solar resource with the same interconnection capacity but without storage. The Commission's adopted methodology should reflect this obvious value difference.

By setting an overly conservative methodology, the Commission will unnecessarily limit procurement needed to fulfill the clean incremental capacity requirements established in Decision (D.) 19-11-009. That Decision requires new clean capacity but also authorizes short term procurement of existing fossil fueled resources. This potential for new fossil fueled capacity is now the subject of multiple applications for rehearing on D.19-11-009. If the overly-conservative assumptions established in this methodology are not adjusted, the State's GHG targets will suffer (because presumably more gas-fired capacity will need to be procured). In addition, ratepayers may not see the full value of fleeting tax incentives that encourage single resource ID hybrids.

B. The Adoption of a Less Conservative Accounting Methodology Will Facilitate the Achievement of GHG Targets at Least Cost to Ratepayers.

For resource owners with a single resource ID, the methodology would only allow the owner to apply the QC of one, but not both of the resources. This will discourage development of new clean capacity resources. Given the short compliance timeframe set for the Procurement Track, the Commission must act soon in setting an interim methodology for hybrid resources. The Commission should revise the methodology to allow resource owners to add the ELCC-adjusted QC of the generation facility (e.g., the solar device) to the QC of the storage device up to the P-Max set in the project's Interconnection Agreement. This less conservative

methodology was contemplated in a recent CAISO Straw Proposal, which provided the following recommendation:

> The CAISO proposes to adopt a default QC methodology that utilizes the existing CPUC methodology for each of the underlying resource components generation technology and combines each component's technology type based QC value in an additive manner.[2]

If the Commission does not make this wholesale change to the methodology, it should at least revise the methodology to recognize that wind and solar resources have QCs that vary monthly. Thus, the value of the QC of each device should be evaluated for each month of the year and the maximum applied based on the higher monthly QC (not some kind of annual QC measure). For example, if a storage + solar device has a higher NQC for the storage device in winter months, that should set the NQC for the hybrid resource in those months. If the solar component of same project has a higher NQC in the summer months, that is what should establish the NQC in those months.

Such a change would still be overly conservative, but would at least better recognize the seasonal value of the hybrid resources. Finally, in light of AWEA-California and LSA's concerns regarding the limitations of the Proposed Decision in furthering GHG and ratepayer objectives, the Commission should make clear that the Proposed Decision will not establish precedent for the consideration of QC methodologies in new RA proceeding. If the Commission adopts the conservative methodology it should make updating the methodology to reflect the full value of these resources a top priority to resolve in the first track of the new RA proceeding.

[2] See CAISO Hybrid Resources Straw Proposal (September 2019), p. 31, available at: http://www.caiso.com/InitiativeDocuments/StrawProposal-HybridResources.pdf.

III. CONCLUSION

In order to further GHG and ratepayer objectives the Commission should modify the Proposed Decision to establish the QC based on the combination of the ELCC-adjusted QCs for both devices. At a minimum, the Commission should modify the Proposed Decision to allow monthly analysis of the maximum of either device operating under a single resource ID.

DATED: December 20, 2019

Respectfully submitted

/s/ Shannon Eddy

Shannon Eddy
Executive Director
Large-scale Solar Association
2501 Portola Way
Sacramento, CA 95818
Tel: 415-819-4285
E-Mail: shannon@large-scalesolar.org

/s/ Danielle Osborn Mills

Danielle Osborn Mills
Director, AWEA-California
Renewable Energy Strategies
1696 Orvietto Dive
Roseville, CA 95661
Tel: (916) 320-7584
E-Mail: danielle@renewableenergystrat.com

APPENDIX A

AWEA-CALIFORNIA AND LSA RECOMMENDED CHANGES TO THE PROPOSED DECISION

Revisions to Ordering Paragraph:

1. The following qualifying capacity methodology is adopted on an interim basis fro in front of the meter hybrid resrouces:

> Where a hybrid resource has charging or other operational restrictions, the **monthly** qualifying capacity value shall be based on the greater of either: (i) the effective load carrying capacity-based qualifying capacity (QC) of the intermittent resource or the QC of the dispatchable resource, whichever applies, or (ii) the QC of the co-located storage device.